

Article

Strategic entrepreneurship: the next step in understanding successful entrepreneurship

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Entrepreneurship is the key to economic growth and wealth creation. But not all entrepreneurs are equally successful. How come that some companies do better than others? How come that certain regions or nations develop more thriving economies than others? Just having a good idea or an innovative product is not enough to become successful. Other factors contribute too. Therefore, a thorough understanding of the entrepreneurial process is important, because this will lead to the development of new tools; tools for companies to improve their innovation and growth processes and tools for governments to develop new policies to support and direct economic growth.

Attaining high performance is difficult for firms, as there are many types of companies and many potential factors that contribute to success or failure (Harms *et al.* 2009). This makes it hard to find a common solution or a “blue print” to form and manage a successful companies. Success factors cannot be transferred unchanged from one company to the other. Rather, abstract concepts and “best practice can potentially be identified and adapted by companies that strive sustainable competitive advantages.

Recently the concept of Strategic Entrepreneurship (SE) emerged as one of those concepts (Hitt *et al.*, 2011) as a combination of perspectives from strategic management and from entrepreneurship. At first the concept was studied in larger companies that struggled to maintain competitiveness. On the one hand firms have to continuously optimize their competitive advantage, on the other hand they need to have an effective opportunity seeking process in place. Needless to say firms have to be good at both in order to survive in the long term. But ambidexterity is in practice not well addressed by most corporations (Tushman and O'Reilly, 1996). They usually excel in one or the other and that is not enough for long term survival. This may be one factor that leads to the rapid rise and fall of many companies that we witness today.

Academically, the concept of SE is now being applied to all other types of companies. SE describes three key elements: leadership, strategic resources management (both people and means) and a well defined innovation process, with exploration and exploitation seen as distinct sub processes (Ireland *et al.*, 2003). The concept of SE takes us one step further in understanding how companies grow and how economies may remain healthy, both at regional, national and international level. It provides us with new and necessary tools for continuously improving our economy. At least, that is what I hope it will bring. Further research and maturation of the concept is required.

As a *practitioner* I follow the research on SE closely, because I believe it will bring new insights which I can directly apply in the practice of VentureLab Twente. VentureLab Twente (VLT) is an intensive business support programme in the region of Twente in East-Netherlands. I would like to share with you below why we started VLT, how we designed VLT, what objectives we want to meet and how this will contribute to the concept of SE.

The region of Twente has a turbulent industrial history. Twente has around 600,000 inhabitants and developed a healthy textile industry which peaked in the 1960s. Within a period of five years this industry collapsed, laying off more than 40,000 employees and leaving the region in economic turmoil. The Dutch government then granted Twente a Technical University (UT) with the assumption that education at academic level is a key driver for (renewed) economic growth (Schutte, 1999). Twente transformed it self into a High Tech region, proving its resilience and the notion that economic intervention (i.e. establishing a new university) can be successful. The UT became renowned as the “Entrepreneurial University”, yielding more then 700 spin-off companies in the past 25 years, with a survival rate of more then 80 percent after five years. However, most of these companies remained small with an average of less then ten employees after five years. Thus it can be concluded that Twente has a very entrepreneurial culture, but that the effect on job and wealth creation fell short when compared to some other regions with a University. So what was missing? Why did most of these companies not grow? And can we do something about that in order to create more jobs in the future?

These questions where put to Aard Groen, Professor of Entrepreneurship at NIKOS (Netherlands Institute of Knowledge Intensive Entrepreneurship at the UT). His team investigated the situation in Twente and designed an integral business support programme addressing all potential shortcomings in new firm creation (Groen and van Tilburg, 2009). Key findings were that start-ups often had a mono-disciplinary skill set (technology focus and not business focus), that there was a general lack of strategic planning (business modeling), that scaling up of business was difficult because of insufficient funds and that external networks (i.e. launching customers, university research, financial institutions) were not adequately used.

These findings led to the NIKOS 4-S model, depicting the essentials of successful entrepreneurship: Skills of the entrepreneurial team, Scope of the business (strategic planning), Scale of the business (equity planning and access to funds) and Social networks contributing to the value chain of the venture. The 4-S model translates to four company capitals, respectively cultural, strategic, economic and social capital. In large corporations these equate to functions as CTO/COO (Chief Technology Officer or Operations Officer), CEO (Executive), CFO (Finance) and CMO (Marketing) that are affecting the entrepreneurial process (Groen *et al.*, 2008).

The 4-S model forms the basis of the VentureLab design. By coaching, training, team development and access to networks, the programme is aimed at starting high tech businesses (business creation) and SME's with a high growth ambition (business acceleration). These target groups usually do not have the time nor the money to enroll in such a programme, but these companies are important for economic growth and value creation. Therefore the programme is highly flexible and pragmatic and – at this stage – subsidized by the European Fund for Regional Development.

VentureLab now creates value for all its stakeholders. Foremost, nearly all participants benefitted from the programme through personal development, improved business models, access to capital and business acceleration. The government, subsidizing the programme, invests in sustainable economic growth and job creation. The first results look very promising. VLT, with 160 participants so far, has created an *entrepreneurial ecosystem* where new forms of collaboration and open innovation take place (Walsh and Linton, 2000; Harms *et al.* 2010). The University and NIKOS in particular develops a rich database with information on the progress that the participants make with their businesses. Participants are assessed at intake and they have to report periodically to provide researchers with in-depth study material. VLT can therefore be regarded as a *living lab* for studying the principles of Strategic Entrepreneurship.

The papers presented in this Special Issue on “Strategic Entrepreneurship” form a sound scientific basis to further explore the combined importance of *entrepreneurial leadership*, *strategic resource management* and *innovation* (Ireland *et al.* 2003) for venture performance and sustainable economic growth. Pertaining to entrepreneurial leadership, Kansikas *et al.* (2012) point to the chances of risks in entrepreneurial leadership of family firms. On the issue of strategic resource management, Kohtamäki *et al.* (2012) address the value of strategic planning, and Cassia and Minola (2012) address the relevance of slack resources and entrepreneurial orientation for extraordinary growth. Dealing with innovation, De Massis *et al.* (2012) highlight the fact that innovation processes depend on the type of firm. Finally, on the issue of value creation, Tierney *et al.* (2012) underscore the importance of the effective management of complementary assets in a high-tech setting.

It is with the advance of this kind of knowledge on Strategic Entrepreneurship that we can step by step improve our understanding of the entrepreneurial process and, leading from that, improve our economic resilience. Please enjoy reading this special issue.

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